

May 10, 1999

**MINUTES  
SPECIAL MEETING OF THE  
SACRAMENTO CITY EMPLOYEES' RETIREMENT SYSTEM  
ADMINISTRATION, INVESTMENT AND FISCAL MANAGEMENT BOARD  
May 10, 1999**

**CALL TO ORDER AND ROLL CALL**

The Administration, Investment and Fiscal Management Board met in special session in City Council Chambers, 915 I Street, Conference Room 101, Sacramento, California, at 1:35 p.m. on May 10, 1999. Arrangements had been made to have Chairman DeCamilla tele-conference; however, Mr. DeCamilla did not call.

PRESENT: Nishimoto, Masuoka, Sperling, Friery

ABSENT: DeCamilla

**CONSENT CALENDAR**

**MINUTES OF REGULAR MEETING HELD MARCH 22, 1999**

APPROVED

The Board received And reviewed the minutes of the regular meeting held March 22, 1999. Mr. Sperling moved the minutes be approved. The motion was seconded by Ms. Masuoka and was carried by the following vote:

AYES: Nishimoto, Masuoka, Sperling, Friery

NOES: None

**INVESTMENTS - TREASURER'S ACTIVITY REPORT**

ACCEPTED

The Board received the February 1999 Treasurer's Investment Activity Report.

Mr. Thomas Berke, Chief Investment Officer, briefly reviewed the report.

Mr. Sperling moved to accept the report. The motion was seconded by Ms. Masuoka and was carried by the following vote:

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AYES: Nishimoto, Masuoka, Sperling, Friery

NOES: None

**REPORTS OF CONSULTANTS AND ADVISORS**

**REAL ESTATE ADVISOR'S REPORT**

The Board received and reviewed the report. Mr. Smith, Real Estate Advisor, was not present.

Mr. William Carnazzo, Assistant City Attorney, advised the Board that he is working with Mr. Smith on the purchase agreement for 1401 L and 1414 K.

Mr. Nishimoto moved to accept the report. The motion was seconded by Mr. Sperling and was carried by the following vote:

AYES: Nishimoto, Masuoka, Sperling, Friery

NOES: None

**CORRESPONDENCE FROM DELAWARE INVESTMENT ADVISERS**

ACCEPTED AS INFORMATIONAL

The Board accepted as informational correspondence from Delaware regarding significant shift in market leadership.

**POLICY MATTERS TO BE CONSIDERED AND ACTED UPON**

**ADOPT INTEREST RATE CREDITED TO MEMBER'S ACCOUNTS**

ADOPTED

Mr. Sperling moved to adopt the resolution adopting a 11.50% rate of interest credited to members' accounts effective July 1, 1999. The motion was seconded by Mr. Nishimoto and was carried by the following vote:

AYES: Nishimoto, Masuoka, Sperling, Friery

NOES: None

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SACRAMENTO CITY FINANCING AUTHORITY INVESTMENT MANAGEMENT PROPOSAL  
FOR SACRAMENTO CITY EMPLOYEES RETIREMENT SYSTEM (SCERS)

APPROVED

The Board received a report from Mr. Thomas P. Friery, City Treasurer, informing the Board of the resolution adopted by the City Council on April 6, 1999 for the Sacramento City Financing Authority to provide investment management services to SCERS at prudent rates. The City Treasurer will contract with the Sacramento City Finance Authority to perform the investment services. Copies of the complete council report were distributed to the Board.

Ms. Lydia Lara, of the City Treasurer's office, briefly reviewed the report with the Board.

The City Treasurer's office recommended that the Board adopt the proposed resolution and approve the Sacramento City Financing Authority Investment Management Proposal for Sacramento City Employees' Retirement System. The contract, which will be forth coming, will be effective July 1, 1999.

Mr. Friery distributed to the Board a letter from Chairman DeCamilla supporting the adoption of the proposed resolution.

Ms. Diane Balter, Council to the Board, recommended that the resolution be amended, if the Board wants to authorize the Chair to execute the contract without having the agreement come back, to read: that the Retirement System Manager is authorized to negotiate, and the chair is authorized to execute, a contract with the Sacramento City Financing authority for provision of investment

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services to SCERS.

After a lengthy discussion, Ms. Masuoka stated that the Board has always been very satisfied with the performance of the City Treasurer's investment management services; the proposed rate is substantially lower than other equity managers; the proposed rate is lower than the Board would anticipate if the Board went out on an RFP to contract for the same investment management services; and, unless there is an argument, would move to adopt the resolution as amended. The motion was seconded by Mr. Nishimoto.

Mr. Sperling questioned the legality of charging above the original stated administrative fees of \$300,000 to \$500,000 and requested to have the contract come before the Board.

Mr. William Carnazzo, Assistant City Attorney, informed the Board, that the Board would be contracting with the Sacramento Finance Authority and the Finance Authority would contract with the City Treasurer's Office to provide the investment management service. The Board and the Finance Authority would agree on the fees just as the Board does routinely with other managers. The City Treasurer's office does not have a legal obligation to provide their services directly to the Board. The Board would need to select a manager and the parties are free to enter into a market transaction. From a legal standpoint the actions taken by the City Council through the Sacramento Finance Authority to the Board have a sound and legal basis.

The vote on the motion was as follows:

AYES: Nishimoto, Masuoka, Friery

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NOES: None

ABSTAINED: Sperling

REPORTS OF SECRETARY

PENSIONER'S COST OF LIVING INCREASE EFFECTIVE JULY 1, 1999  
ACCEPTED AS INFORMATIONAL

The Board accepted the report as informational.

There being no further business the meeting was adjourned  
at 3:00 p.m. to meet again at the call of the chair.